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Korean Affairs Report

No. 118

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S. KOREA/ECONOMY

FOOD CRISIS ANTICIPATED IN KOREA

Seoul WOLGAN CHOSON in Korean Nov 80 pp 252-259

[Article by Chu Yong-chae, Chief Research Officer, Korea Agricultural Research Institute: "Grain Production and Demand; Reality and Prospect"]

[Text] I. Preface

Because of population increase, the shortage and lopsided distribution of food resources, the food situation of the world is revealing a more serious aspect with the passing of time. Especially for this year, due to the unusual temperatures which swept through all parts of the world, considerably reduced food grain harvests are anticipated. Because of such fear, international food grain prices have recently indicated a rapid upward trend. Accordingly, in this article I will summarily survey the current supply and demand situation of food grains in Korea, and its future prospects, and major problems and countermeasures related to them.

II. Food Grain Consumption Trends

It is a general trend that with the rise in the income level the pattern of food consumption becomes quality-oriented or diversified. In other words, when the income level rises above a certain level, the consumption of food grains tends to gradually decline, while the consumption of meats with large carbohydrate values, fruits and vegetables tends to rise rapidly. Change in the pattern of food consumption in Korea during the 1965-1979 period reveals that the [per capita] consumption of food grains continued to rise from 188 kgs in 1965 to reach the highest level of 225 kgs in 1972. Thereafter, it gradually declined to 198 kgs in 1979.

On the other hand, during the 1965-1979 period meat consumption rose about 3.3 times, marine products consumption 2.5 times, fruits consumption 2.2 times and vegetable consumption 2.6 times respectively. The food consumption trend by kind shows that rice consumption registered a marked rise from 121 kgs in 1965 to reach the highest level of 136 kgs in 1970. Then, it maintained a comparatively low level of 120-130 kgs during the 1972-1979 period. Keeping rice consumption at a comparatively low level during this period was possible, mainly because measures for controlling rice consumption, including the encouragement of mixing barley with rice, the prohibition of brewing unstrained wine [makkolli] from rice, and the encouragement of 70 percent polishing of rice were actively executed. However, as an epoch-making increase in the production of rice was achieved in 1977,

measures for controlling rice consumption were all lifted, including the permission for the brewing of unstrained wine from rice. As a result of this, rice consumption markedly increased from 126 kgs in 1977 to 135 kgs in 1979. Consequently, with the rise in the income level barley consumption, which was as much as 35 to 40 kgs during the 1965-1976 period, showed a rapid decrease, following the lifting of measures for controlling rice consumption, to 18.1 kgs in 1978, and to 14.1 kgs in 1979. While the consumption of corn and beans has shown an increasing trend, the consumption of miscellaneous grains has indicated a declining trend. (See Table 1)

Table 1. Per Capita Annual Food Consumption by Kind (Unit: kg)

(1)		'65	70	75	76	77	78	79	79/65 (%)
(2)		188.8	219.4	207.3	203.5	203.9	201.8	198.8	105.3
(3)		121.8	136.4	123.6	120.1	126.4	134.7	135.6	111.3
(4)		36.8	37.3	36.3	34.7	28.5	18.1	14.1	38.3
(5)		13.8	26.1	29.8	30.2	30.3	30.5	30.6	221.7
(6)		0.9	1.1	2.4	2.8	3.3	2.8	2.9	322.2
(7)		4.4	5.5	6.4	6.4	6.2	7.0	7.2	163.6
(8)		7.3	10.2	7.1	7.2	7.1	6.3	6.3	86.3
(9)		3.8	3.0	2.0	2.0	2.1	2.1	2.1	55.3
(10)		3.5	5.2	6.4	6.8	8.1	10.1	11.4	325.7
(11)		19.5	24.1	44.3	45.8	45.3	46.0	48.8	246.2
(12)		46.7	50.9	62.5	68.2	62.5	104.0	122.5	262.3
(13)		10.8	13.1	15.4	16.6	21.1	23.2	24.1	223.1
(14)		1) 주. 65~78년의 채소소비량은 '식량수급표'자료							
(15)		출처: 농수산부							

Key:

1. Kind
2. Grains
3. Rice
4. Barley
5. Wheat
6. Corn
7. Beans
8. Potatoes
9. Others
10. Meat
11. Fishery products
12. Vegetables 1)
13. Fruits
14. 1) Source: Vegetable consumption, 1965-1978, Food Supply and Demand Table
15. Source: Ministry of Agriculture and Fishery

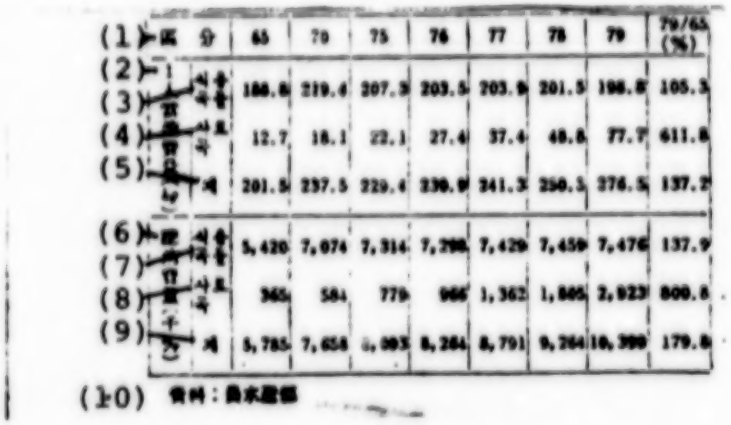
As the income level rose, the per capita consumption of grains as food declined from 219 kgs in 1970 to 198 kgs in 1979, or at an annual rate of 1.1 percent. As the rate of decline was lower than the population increase rate of 1.7 percent, the total food grain consumption during this period rose by about 38 percent.

On the other hand, with the increased demand for livestock products, the per capita consumption of feed grains was increased from 12.7 kgs in 1965 to 77.7 kgs in 1979, or as much as 6.1 times. Thus, with the rapid increase in feed grain consumption, the per capita grain consumption rose from 201 kgs in 1965 to 276 kgs in 1979, an increase of 37.2 percent.

The total feed grain consumption was increased from 365,000 metric tons in 1965 to 2,923,000 metric tons in 1979, or about 8 times. During the past 2 years

(1977-1979) it rose from 1,362,000 metric tons to 2,923,000 metric tons, or by about 2.1 times. Such rapid increase in the supply and demand of feed grains constitutes the main cause for the decline in the self-sufficiency of grains in the recent years. Effective measures for combating it are required.

Table 2. Trends in Food Grain and Feed Grain Consumption (Unit: 1,000 metric tons)



(1)		65	70	75	76	77	78	79	79/65 (%)
(2)									
(3)		188.6	219.4	207.3	203.5	203.8	201.5	198.8	105.5
(4)		12.7	18.1	22.1	27.4	37.4	48.8	77.7	611.8
(5)		201.3	237.5	229.4	230.9	241.3	250.3	276.5	137.3
(6)		5,420	7,074	7,314	7,298	7,429	7,459	7,476	137.9
(7)									
(8)		365	584	779	966	1,362	1,805	2,923	800.8
(9)		5,785	7,658	8,093	8,264	8,791	9,264	10,399	179.8

(10) 資料：農水産部

Key:

1. Classification
2. Per capita consumption (kg)
3. Food grains
4. Feed grains
5. Total
6. Total consumption (1,000 metric tons)
7. Food grains
8. Feed grains
9. Total
10. Source: Ministry of Agriculture and Fishery

III. Trends in the Food Grain Production

The per family area of cultivated land in Korea is only about one hectare. It is thus a well-known fact that the farming scale is small. Such limited areas of cultivation tend to be decreased further in the process of industrialization and urbanization. Even the utilization rate of cultivated land has markedly declined. This is creating a problem. During the 1965-1979 period the area of cultivated land decreased from 2,556,000 hectares to 2,227,000 hectares. And the utilization rate of cultivated land dropped from 147 percent to 130 percent. The decline in the utilization rate of cultivated land was caused by the fact that during the same period the total planted area for food decreased from 2,953,000 hectares to 2,143,000 hectares, or by as much as 27.4 percent. The trends in planted areas by kind show that while the planted area for rice increased by 0.4 percent during the 1965-1979 period, that for barley decreased by 42.8 percent, that for wheat by 85.9 percent, that for beans by 24.2 percent, that for potatoes by 55.4 percent and that for others by 77.1 percent respectively. Especially the decline in the planted areas for barley and wheat, which are winter crops, led to a decline in the utilization rate of cultivated land and a decrease in farm income due to thelack of replacement crops. This has become a problem. In recent years the planted area for barley has shown a marked decrease. This has come about because farmers have avoided barley cultivation due to the marked reduction in barley

consumption, the drop in the profitability of barley and the competition in labor force between rice crop and barley crop during the planting and harvest periods. On the other hand, the reason why the cultivated land area showed a rapid decrease is that domestic varieties of wheat lag in the milling rate compared to imported wheat, and reaches maturity about 1 week after barley. Thus, the decline is due to several problems related to the varieties of wheat. But more importantly, it seems that the decline was caused by the adoption of a comparatively low purchase price level in relation to barley. And the quantity of purchase was severely limited.

As we have investigated above, the planted areas of food grains have registered a declining trend. But because of the increased per unit yield due to technological development the production of food grains has leveled off at the 1976 level. The total production of food grains during the past 4 years has remained about the same. Compared to this, due to the population increase the per capita grain production showed a decreasing trend from 228 kgs in 1976 to 215 kgs in 1979. The domestic grain productivity has relatively declined.

Table 3. Trends in the Utilization Rate of Cultivated Land by Year

(1)

(2)	(3) (千 ha)	(4) (%)
65	2,256	147.1
70	2,298	142.1
75	2,240	140.4
76	2,238	141.7
77	2,231	135.5
78	2,222	134.5
79	2,207	130.9

(5) 資料：農水省統計

Key:

1. Year
2. Area of cultivated land (1,000 hectares)
3. Planted area (1,000 hectares)
4. Utilization rate of cultivated land (%)
5. Source: Statistics on Crops, Ministry of Agriculture and Fishery

Table 4. Trends in the Planted Areas of Food Grain Crops (Unit: 1,000 hectares)

(1) 年度 / (2) 種類	'65	'70	'75	'79	'79/'65
(3) 벼	1,228.1 (41.6)[1]	1,203.5 (44.5)	1,210.0 (46.1)	1,233.2 (57.5)	100.4%
(4) 보리	827.0 (28.0)	730.5 (27.0)	711.0 (28.1)	475.5 (22.1)	57.5
(5) 밀	92.9 (3.1)	96.7 (3.6)	43.7 (1.7)	13.1 (0.6)	14.1
(6) 두류	365.4 (12.4)	368.2 (13.5)	332.7 (13.1)	276.8 (12.9)	75.7
(7) 서류	212.6 (7.2)	180.4 (6.7)	146.3 (5.8)	94.8 (4.4)	44.6
(8) 기타	227.2 (7.7)	129.7 (4.7)	79.6 (3.2)	52.1 (2.5)	22.9
(9) 計	2,953.2 (100.0)	2,708.6 (100.0)	2,531.3 (100.0)	2,143.3 (100.0)	72.6

(10) 1) ( )內는 구성비율.
(11) 資料 : 農水産部 '79年度 作物統計

Key:

1. Year
2. Kind of grain
3. Rice
4. Barley
5. Wheat
6. Beans
7. Potatoes
8. Others
9. Total
10. 1) denotes composition percent
11. Source: Statistics on 1979 Crops, Ministry of Agriculture and Fishery

Table 5. Trends in Grain Production by Kind (Unit-Per Unit Yield: kg; Production: 1,000 metric tons)

(1) 구분 / 연도별	65	70	75	76	77	78	79	79/65 (%)
(3) 벼 재배면적	285	327	383	429	488	471	481	168.2
벼 생산량	3,501	3,939	4,669	5,215	6,006	5,797	5,863	169.0
(4) 보리 재배면적	176	218	239	247	158	243	319	181.3
보리 생산량	1,458	1,591	1,699	1,758	814	1,348	1,508	103.4
(5) 밀 재배면적	198	226	222	222	168	209	321	162.1
밀 생산량	184	219	97	82	45	36	42	22.9
(6) 두류 재배면적	56	76	107	113	119	113	118	210.7
두류 생산량	203	277	357	352	390	355	326	160.6
(7) 서류 재배면적	492	434	504	490	468	502	528	107.3
서류 생산량	1,045	785	738	667	595	665	501	47.9
(8) 기타 재배면적	58	104	128	153	177	216	326	562.5
기타 생산량	136	134	102	109	120	127	170	125.9
(9) 계 재배면적	221	257	303	330	347	360	378	171.0
계 생산량	6,527	6,943	7,662	8,184	7,970	8,228	8,112	124.3
(10) 1人當穀物生産量(kg)	227.4	215.4	217.7	228.2	218.7	223.3	215.7	94.8

[Key on following page]

Key:

1. Year
2. Classification
3. Rice
4. Barley
5. Wheat
6. Beans
7. Potatoes
8. Others
9. Total
10. Per capita production (kg)
a. Per unit yield
b. Production

IV. Trends in the Food Grain Import and the Self-Sufficiency Rate

As we have examined above, the increase rate of grain consumption surpasses that of grain production, and because of this, considerably large quantities of grains have been imported. The recent trend points to a rapid increase in quantity. In 1965 the total of imported grains was 629,000 metric tons, and it was 5,457,000 metric tons in 1979, or about a 9-fold increase during the past 14 years. Trends in grain import by kind during this period indicate that the import of corn, a feed grain, increased an astounding 46 times, and that of wheat 3.3 times respectively. While there was no import of beans in 1965, in 1979 as much as 420,000 tons of beans were imported. And in 1979 even rice supply was short so that as much as 502,000 tons (3.5 million bags) of foreign rice were imported. As a result of this the self-sufficiency rate of the total grains was markedly reduced from 93.9 percent in 1965 to 59.9 percent in 1979. The self-sufficiency rate by kind in 1979 shows that that of wheat was only 2.4 percent, that of corn was 3.4 percent, and that of beans was 43.4 percent, all showing a very low level. The self-sufficiency rate of rice was 86 percent, registering a marked reduction. Thus, the self-sufficiency rate of grains such as corn, wheat and beans which have the tendency of increased demand in the future is extremely low. It is a real situation that Korea is dependent on foreign market even for rice, the main staple grain.

Table 6. Imported Grains by Year and Kind (Unit: 1,000 metric tons)

(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) (kg)
1965	0	71	456	62	0	629	21.0
70	541	—	1,254	284	36	2,115	65.6
71	997	—	1,384	315	61	2,667	81.1
72	584	284	1,778	422	31	3,099	91.6
73	437	350	1,772	456	73	3,088	88.5
74	206	299	1,427	573	66	2,571	74.3
75	481	354	1,584	532	61	3,012	85.4
76	168	—	1,817	890	119	3,094	84.6
77	—	322	1,979	1,379	151	3,822	104.9
78	—	—	1,567	1,791	223	3,601	97.3
79	502 (9.2)	—	1,632 (30.3)	2,881 (52.8)	422 (7.7)	5,457 (100.0)	145.1

(10) ( )의 숫자는 구성비임.
(11) 출처 : 농수산통계.

[Key on following page]

Key:

1. Grain
2. Year
3. Rice
4. Barley
5. Wheat
6. Corn
7. Beans
8. Total
9. Per capita import (kg)
10. ( ) denotes component ratio
11. Source: Ministry of Agriculture and Fishery

Table 7. Trends in the Self-Sufficiency Rate by Kind (Unit: Percent)

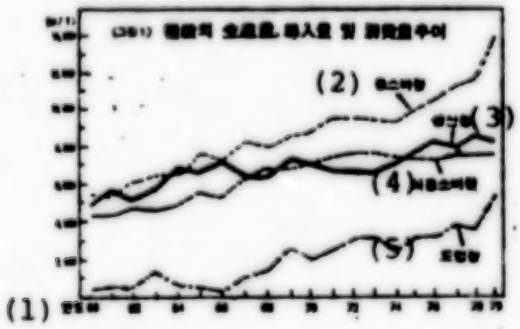
60	94.5	100.0	110.4	33.9	18.9	100.0	79.5	100.0
65	93.9	100.7	106.6	27.0	36.1	100.0	100.0	100.0
70	80.5	93.1	106.3	15.4	18.9	100.0	88.1	96.9
75	73.0	94.6	92.0	5.7	8.3	100.0	85.8	100.0
76	74.1	100.5	97.9	4.5	6.7	100.0	74.4	100.0
77	65.1	103.4	53.4	2.3	6.2	100.0	67.5	100.0
78	72.6	103.8	119.9	2.1	6.6	100.0	58.3	100.0
79	59.9	86.0	117.0	2.4	3.4	50.8	43.4	87.6

(10) 출처 : 농수산부

Key:

1. Year
2. Total
3. Rice
4. Barley
5. Wheat
6. Corn
7. Potatoes
8. Beans
9. Others
10. Source: Ministry of Agriculture and Fishery

Figure 1. Trends in Production and Import of Grains



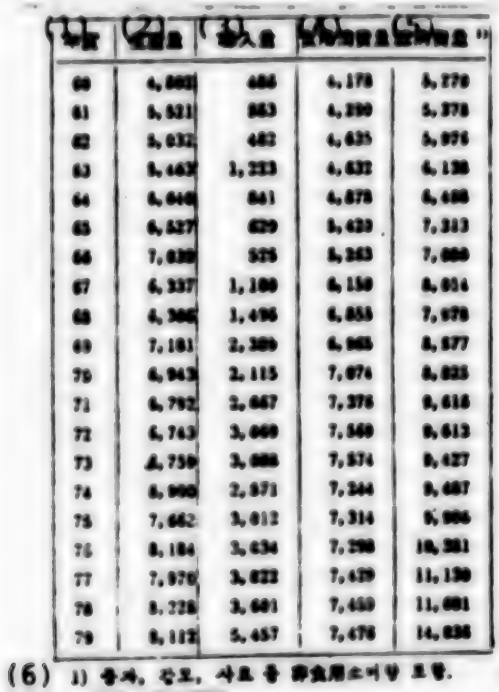
Key:

1. Year
2. Total consumption
3. Production
4. Consumption as food
5. Import

The grain import in 1979 reached 5,457,000 metric tons. Of this feed grains, that is, corn and beans covered 60.5 percent, wheat constituted 30.3 percent, and rice

accounted for 9.2 percent. Accordingly, the main causes which became the obstacles to the self-sufficiency in food grains are the rapid increase in the demand for feed grains and the shortage of rice, the main staple grain.

Table 8. Production, Import and Consumption of Grains (Unit: 1,000 metric tons)



(6) 1) 종자, 감모, 사료 등 식용외소비량 포함.
(7) 출처 : 농수산부

Key:

1. Year
2. Production
3. Import
4. Consumption as food
5. Total consumption
6. Includes nonfood consumption such as seeds and seed potatoes
7. Source: Ministry of Agriculture and Fishery

As a result of the green revolution, Korea had been self-sufficient in rice since 1976. But due to a shortage in 1979, 502,000 metric tons of rice was imported in 1979 and a large quantity of rice is planned to be imported in 1980. Thus, even rice in which Korea was once self-sufficient, has become short in supply. The shortage was caused partially by the drastic decline in production due to the damages caused by blight and harmful insects for 2 years, 1978 and 1979, but more importantly by the rapid increase in rice consumption due to the drastic decline in barley consumption. On the other hand, because of the decline in consumption barley has been stockpiled. This has become a problem. Thus, while there is a surplus of barley, rice is short. Therefore, with large sums of foreign currency Korea has to buy rice. This is a problem which warrants a careful study.

V. Prospects Policy for the Supply and Demand for Food Grains

While the production of food grains has remained stagnant for the past 4 years, the total consumption of food grains, including feed grains, has shown a rapid increase.

If such a trend should continue, the quantity of food grains to be imported will rapidly increase in the future. In this case the self-sufficiency rate of food grains is expected to decline compared to the present.

According to the results of an analysis by the Agricultural Economy Research Institute, the per capita food grain consumption was estimated to decrease from 201 kgs in 1978 to 182-187 kgs in 1991 on the assumption that the increase rate of income would rise. The estimated per capita consumption of food grains by kind (See Table 9) shows that while the consumption of corn and beans will increase, that of rice, barley, potatoes and miscellaneous grains is expected to decrease. Thus, although the per capita consumption declines, the total food grain consumption in 1991 is estimated to be 8.2 to 8.4 million metric tons, due to the increase in population. The total grain consumption amounts to an increase of 10 to 13 percent over 1978. As to the supply and demand for feed grains the Livestock Production Bureau of the Ministry of Agriculture and Fishery estimates that it will be increased from 1,805,000 metric tons in 1978 to 7,456,000 metric tons in 1991, a 4.1-fold increase. On the other hand, the forecast of grain production is extremely difficult as it is greatly predicated on climatic conditions, technological innovation, including the improvement of grain varieties. But as we take into consideration the limits on the per unit production, the decreasing trend of cultivated land area, the competition with other crops, and the recent trends in grain production, it is reasoned that grain production will not surpass greatly the current level of production. According to an estimate made by the Agricultural Economy Research Institute, unless epoch-making measures are formulated for the increased production of food grains, the production of grains in 1991 will be about 8,652,000 metric tons, or about a 5 percent increase over 1978.

Table 9. Estimated Per Capita Annual Consumption of Food Grains by Kind
(Unit: kg)

(1)	(2)年度 (1978年)	1991年	
		A	B
(3) 米	134.7	114.2	122.4
(4) 麦	18.1	5.3	7.7
(5) 豆	36.5	35.6	33.3
(6) 甘しょ	2.8	8.7	6.8
(7) 雑穀	7.8	12.3	9.9
(8) 馬鈴薯	6.3	3.8	4.5
(9) 澱粉	2.1	1.5	1.7
(10) 穀類計	201.5	181.5	186.5

(11) 注：1) A：年平均実質所得増加率 4.4% 設定時.
B：年平均実質所得増加率 6.0% 設定時.
(人口数：'78：37,819千人，'91：45,251千人)

(12) 資料：農業総合研究所，食糧需給モデル 作成研究．研究報告．9 1980.3.

[Key on following page]

Key:

1. Grain
2. Base year
3. Rice
4. Barley
5. Wheat
6. Corn
7. Beans
8. Potatoes
9. Miscellaneous
10. Total of grains
11. Note 1 A: When the annual average real income increase is assumed to be 8.4 percent; B: When the same increase is assumed to be 6.0 percent. (Population: 37.019 million in 1978, and 45.251 million in 1991)
12. Source: Study on the Supply and Demand of Food Grains, by Korea Agricultural Economy Research Institute, Report No 9, March 1980

As we have investigated above, recently the self-sufficiency rate of food grains has markedly dropped to about 60 percent. Unless epoch-making measures for an increased production of food grains are pressed forward, a study and analysis shows that the self-sufficiency rate of food grains will further decline, to about 46 percent. The main reason for the decline in the self-sufficiency rate of food grains is that the demand for corn and beans, which are feed grains, has rapidly increased due to the increased demand for livestock and the demand for wheat has also increased. At the same time the import of these grains has shown a marked increase due to the stagnation or decline in the domestic production of such feed grains. Moreover, beginning in 1979 even rice has become short in supply. This has resulted in the import of considerable quantities of foreign rice.

When we take into consideration the unstable elements in the international grain market, in terms of food security it is not desirable to heavily depend on foreign countries for the basic staple grains of the nation. Therefore, effective long-term and medium-range measures for raising food self-sufficiency to an appropriate level must be formulated.

In recent years there was a shortage of rice. It was partially caused by the decrease in rice production, but more importantly, by the rapid increase of rice consumption, as the heavy dependence on rice was caused by the rapid decrease in barley consumption. If we can decrease rice consumption by consuming surplus barley as appropriate, we believe that we can prevent the import of foreign rice or considerably reduce it. In this case large sums of foreign currency needed for the import of foreign rice can be saved. Particularly given the current situation in which the international balance of payment has deteriorated due to the recession and the demand for foreign currency has rapidly increased due to the increased need for the import of crude oil caused by the rise in the crude oil prices, we should give a second thought to paying large sums of foreign currency for importing even rice, which can be adequately produced domestically. Measures for the self-sufficiency of the main staple grains are urgently required. For the self-sufficiency in rice, the development of good-quality, high-yield rice varieties, the increased investment in the production basis, as well as the guarantee of purchase prices, which can inspire the will of the farmers for increased production, are urgently required. Especially, given the present condition that the supply and demand of rice is not stable, we must strive to maintain a supply and demand balance of the main food grains by reducing rice consumption through the increased promotion of barley consumption.

Even if we can achieve the self-sufficiency in the main staple food grains, rice and barley, unless we can make a marked increase in the production of corn, beans and wheat which have covered more than 90 percent of the total grain import in recent years, we are afraid that the self-sufficiency in grains in 1991 will be less than 50 percent. Therefore, there should be measures formulated for a marked increase in the production of these crops. It does not seem to be desirable to neglect the domestic agricultural production basis by depending solely on import just because the domestic production costs of these crops are much higher than imported grain prices. We must strive to maintain an appropriate self-sufficiency level even of these crops within reasonable bounds.

In response to the increased demand for feed grains it is necessary to formulate comprehensive long-term livestock production plans, including the formation of pasture lands wherever possible in mountainous areas, and the expanded cultivation of rough feed grains through the use of rice fields for a second crop. Also by maintaining the demand for livestock products at a moderate level it is desirable in terms of an increased self-sufficiency in food to hold down the rapid increase in the demand for feed grains and to induce a food consumption pattern suitable to the conditions of domestic resources through a price policy or an education on nutrition.

Domestic wheat lags behind imported wheat in the unit yield. It requires a longer period before harvest, and its milling rate is lower. In spite of such disadvantages we must expand wheat production through its cultivation in dry fields. Even under the present circumstances of the per unit yield and of technological conditions, if we provide price support comparable to barley, it seems to be possible to induce an increased production of wheat.

In the foregoing I have referred to problems directly connected with increased production. By canceling the losses incurred in the distribution process we must also stress indirect increased production. That is, because considerable losses occur in the sources, from producer to consumer, of harvesting, thrashing, transporting, storing and processing, we must concentrate also on the indirect increased production of food by developing better technological processes after harvest. Also by reducing losses and waste that occur in the cooking process at restaurants or homes and thus economizing on food we must have the cooperation of the entire people in sagaciously overcoming the difficulties in the food situation as we witness this year.

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FOODGRAIN POLICY, SHORTAGES OUTLINED

Seoul WOLGAN CHOSON in Korean Nov 80 pp 260-273

[Article by Kim Song-hun, doctor of economics, professor, Chungang University: "A 30-Year History of Korean Grain Administration"]

[Text] I. An Outline of the Foodgrain Policy

In our country, grain is the staple food, and its transactions had traditionally been based on a free market system. But in the last days of Japanese imperialist rule (1943) the Food Control Law was enforced on a wartime footing, putting all aspects of grain circulation under complete control. Upon liberation, free transactions in grain returned but only to be done away with in October 1945 on account of runaway inflation and chaotic conditions attending the free rice market, and a rice collection order was proclaimed in January 1946, once again enforcing a complete rationing system. This control over the grain market continued until February 1950 when the just-established government enacted the Foodgrain Management Law.

In this way, the grain circulation structure in our country has been consolidated to this day on a two-dimensional basis under said law, i.e., government management and free transactions. Let us examine separately the government management structure for grain circulation and the free market structure for grain circulation.

II. Changes in Grain Administration and Grain Circulation Structures

(1) The Grain Management System. Grain management by the government authorities is aimed at satisfactory supply and demand and at adjustment of price through operations of procurement, stockpile, ration or release. The kinds of grain that may be managed by the government under the Foodgrain Management Law are rice, barley, wheat, oats, buckwheat, beans and peas, millet, kaoliang, corn. As means of securing (purchasing) these kinds of grain, the government may make purchases in the general market, exchange fertilizer for grain, allow payment in kind of agricultural land tax, lend grain, or collect a substitute grain, and import foreign grain. Government management grain thus secured is used for adjustment of supply and demand via sale or ration by the government. The grain earmarked for adjustment of supply and demand performs, at the time of rising grain prices, the functions of price adjustment through its sales via the circulation structures of agricultural cooperatives and the government. The grain earmarked for adjustment of supply and demand, which used to be released to free markets, was rationed at one time through the administration's structure after the 16 May revolution; from 1964 onward, it was released through the

joint sales stores of agricultural cooperatives; in the 1970's another channel was added for its retail sales at what is called direct sales stores of agricultural cooperatives, which have since been located evenly at major key points in cities throughout the country.

After the government directly stepped into the grain circulation market under such a grain management system, there were changes, a little at a time as time went by, in the operational pattern and grain administration goal but essentially it was after 1970 that the goal for "inducement for self-sufficiency in foodgrain and increase in the income of farm households" came within sight; and it might be said that from the 16 May [revolution] to 1970 was a period in which the two goals for "foodgrain production increase and grain price stabilization" and for "stabilization of consumer prices and protection of urban living cost" were blended while the 1950's had been a period in which the goal for so-called "restraining inflation and protecting government finances" had a graphic impact.

This distinction of periods in grain administration is based on the subjective view of the writer, a view that has been arrived at in the course of analyzing how the various mutually conflicting policy goals were reflected in the government's purchase prices, its release prices, and its decision on purchase quantities.

Let us examine them by the periods. As Table 1 below shows, during the Liberal Party administration from after the 25 June war up to the 16 May [revolution], the government which was weak in finances collected considerable quantities of grain from the farmers at low prices, using extra-economic means such as collection of agricultural land tax in kind, with a view to augmenting its revenues and stabilizing consumer prices and foreign exchange rates. In particular for the quantities of procurement in most cases except for the exceptional case of 1955, the government relied solely on the extra-economic mode other than the general purchase (procurement) mode, and the purchase prices set by the government were way below the prevailing market prices. On top of that, considerable quantities of foreign grain were imported, and the rural economy had to suffer a double whammy. In particular, the system for collection of agricultural land tax in kind continued in force from the enactment in September 1951 of the temporary land income tax law until the 19 April revolution when the system was supplanted by a system for collection in money. Until then the system for collection of agricultural land tax in kind has been used as a means of crucial importance for securing grain for government control purposes, including the adjustment of supply and demand but it had imposed excessive burdens on the farmers while it lasted.

As epochal price and circulation policies laid down by the government during this period, one might point out the "system for financing on rice as collateral" put into effect in 1957, and the "law for maintaining prices of agricultural products" whose draft was completed in 1959 [but not enacted until later].

The system for financing on rice as collateral was similar to the Japanese imperialist system "for loans on nonglutinous rice and unhulled rice" and this system was put into effect for the benefit of the farmers with a view to preventing price drops at harvesttime and stabilizing prices in preharvest months. In the background of the birth of this system was the necessity for the government to come up with some price support measures as the enormous importation of foreign grain since 1956 caused a drastic drop in grain prices, on the one hand, and the government stopped

Table 1. Rice Production and Deliveries (1954-1961) (Unit: Converted to Sok of Polished Rice, 180 l)

Description	1954	1955	1956	1957	1958	1959	1960	1961
Rice produced (in 1,000 sok)	15,002	820,548	916,927	920,846	421,950	921,871	821,156	624,045.5
Rice delivered (in 1,000 sok[1])	2,410	2,701	1,986	1,218	1,164	1,378	978	2,146
Rice delivery ratio - %	16.1	13.1	11.7	5.8	5.3	6.3	4.6	8.9
Rice purchase price (sok[2])	9,509 (5,550)	14,060 (7,030)	19,062	19,062	19,062	19,062	19,062	27,898
Rice market price (sok)	7,074	17,001	26,774	30,740	25,112	22,122	25,666	29,264
Foreign rice imported (M/T)	14,434	-	4,050	202,180	23,160	3,759	-	-
Other grain imported (M/T)	202,402	84,598	502,214	956,834	968,382	266,664	467,688	603,123

1 - Rice delivered includes general purchase and autumn crop deliveries such as deliveries for payment of agricultural land tax in kind, deliveries for redemption of agricultural land, substitute grain collected, grain exchanged for fertilizer, loan grain collected. Most of the deliveries are for payment of agricultural land tax in kind.

2 - The figures in parentheses are net purchase price excluding general purchase.

Source: "A History of Korean Grain Administration," 1978, Ministry of Agriculture & Fisheries, from which the figures have been compiled.

its general grain purchases to all intents and purposes in an attempt to avoid the negative balance of the special grain account set up under the ROK-U.S. agreement for importation of foreign grain. Such being the case, in the course of implementing the system for financing on rice as collateral there emerged no small amount of side effects such as the merchants getting into the act instead of the farmers, but overall, the system served in no small measure to stabilize the price. However, as the government procurement system was restored after the 16 May [revolution], the system for financing on rice as collateral was completely terminated in 1970 after completing its transitional mission. The law for maintaining prices of agricultural products had been held in abeyance before it was enacted after the 16 May revolution.

As to the government grain management policy in the 1960's, the will to make foodgrain finances available and guarantee the income of farm households began to become stronger, compared to the 1950's. The general purchase system was restored for grain procurement, the system for payment of agricultural land tax in kind was supplanted by a system for payment in money, and 1965 onward, the system for exchanging fertilizer for grain was implemented, and so-called parity price was adopted as one of the criteria for government purchases of rice.

But the government grain management system, as seen in the enactment of the temporary law for adjusting consumer prices, intensified direct control measures over price and circulation with a view to holding down grain prices, relying in large measure on the importation of astronomical quantites of U.S. surplus agricultural products.

In a word, it is no exaggeration to say that policy objectives were leaning evermore toward price stabilization for export-oriented industrialization and toward procuring financial resources and raw materials for industrialization.

Thus the autumn rice procurement price rose merely by 10 percent more or less every year up to 1967. But for 1968 and 1969, as the rice crops became very poor on account of flood damage in the southern region, the procurement prices were raised by 16.9 percent and 22.6 percent respectively, over the previous year's price. And for the 1970 rice, the epochal step was taken to raise the price by 35.9 percent. With the implementation of the so-called high rice price policy, from 1969 onward a dual barley price system was adopted for procurement of barley. In particular, the law for grain management fund was enacted in 1970 with a view to securing a grain management fund and operating the special grain account with flexibility, and the system for financing on rice as collateral, which had been in effect since 1957, was abolished.

Thus in the latter half of the 1960's the government strengthened anew its grain administration objective to guarantee the income of farm households, on the one hand, and began positively stepping into grain circulation as well. With a view to insuring fairness in grain transactions and pricing, the government had grain merchants in the whole area of Seoul form a grain market association near the Yongsan Railroad Station in 1968, and issued in 1970 an administrative order to strengthen the sales system for government adjustment rice. Earlier in 1969, with a view to restraining rice consumption, the government ordered the system for eating mixed grain powder.

It might be said that it was in the 1970's that the government most strongly stressed its will, as its policy goal, to increase the production of rice and barley for self-sufficiency and the income of farm households.

Table 2. Foodgrain Production and Procurement (1961-1970)

Year	Rice produced (M/T)	Rice procured (M/T)	Rice imported (M/T)	Other Foodgrain produced (M/T)	Other foodgrain imported (M/T)	Rice purchase price (per bag)	Rice wholesale price (per bag)
1961	3,462,548	309,063	-	5,521,275	603,123	1,550	1,687
1962	3,014,915	278,237	-	5,032,245	499,207	1,650	1,768
1963	3,758,047	233,609	118,408	5,462,838	1,318,095	2,060	2,801
1964	3,954,491	239,665	-	6,640,422	915,625	2,967	3,470
1965	3,501,132	301,638	-	6,526,928	668,879	3,150	3,324
1966	3,919,280	354,754	31,500	7,037,791	524,943	3,306	3,419
1967	3,603,104	285,626	112,604	6,337,184	1,100,273	3,590	3,805
1968	3,195,335	154,662	216,211	6,306,204	1,496,679	4,200	4,464
1969	4,090,444	325,986	755,072	7,180,838	2,389,341	5,150	5,189
1970	3,939,260	365,417	541,000	6,943,237	2,114,881	7,000	5,995

Other foodgrain includes barley, wheat, oats, beans and peas, potato and sweet potato.

Table 3. Grain Production and Procurement (1971-1979) (Weight, in 1,000 M/T; price, in won per bag)

Year	Rice produced	Rice procured	Rice imported	Other foodgrain produced	Other foodgrain imported	Rice purchase price	Rice wholesale price
1971	3,998	507 (12.7%)	907	6,792	2,883	7,000	7,153
1972	3,597	480 (13.3%)	584	6,743	3,069	8,750	9,844
1973	4,212	469 (11.1%)	437	6,759	3,088	9,888	12,175
1974	4,445	747 (16.8%)	206	6,900	2,571	11,377	13,252
1975	4,669	802 (17.2%)	481	7,662	3,012	15,760	18,367
1976	5,215	1,046 (20.1%)	168	8,184	3,034	19,500	22,235
1977	6,006	1,403 (23.4%)	-	7,970	3,822	23,200	24,196
1978	5,797	1,362 (23.5%)	-	8,228	3,601	26,260	28,196
1979	5,565	1,302 (23.4%)	502	8,112	5,457	30,000	37,555

This could be seen in the epochal increases (the 23 percent line of production) in the quantities of procurement, not to mention the continued increases in rice procurement prices. As a result, as Table 3 shows, thanks to the expanded dissemination of new strains of rice seeds, the long-cherished wish for self-sufficiency in rice was at last realized in 1977. But despite the epochal increases in the production of rice and barley, the quantities of imported beans and peas along with corn as animal feed suddenly increased with the result that overall, the quantities of imported grain were increasing every year.

But after our country's economy occupied the height of $10 billion export in the latter half of the 1970's, certain quarters of the economist circles and planning authorities began advocating a reduction in rice production and the abolition of barley production on a planned basis. In the background was the ground of so-called comparative priority claiming that now that there was a surplus of foreign currencies, there was no need any longer to support domestic production and barley whose prices were higher than the international prices. On the other hand, it was based on the logic that because of the implementation of the high rice price system and the dual price system for barley, the negative balance of the special grain account was increasing year after year, accelerating inflation.

But one might point out that what constitutes a point of great contradiction in the aforementioned contention is the notion that the negative balance of the special grain account came to emerge solely because of protection afforded production alone, and the simplistic wishful thinking that cheap grain abundantly available overseas could be imported as much as desired. This point I will discuss in detail in the next chapter.

In a nutshell, grain administration in the 1970's came to find itself in a period of economic turnaround in the course of making great efforts to attain the two major goals, i.e., the inducement for increased production on the one hand and the stabilization of living cost of the consumers on the other; and there is no doubt that it is the task of the foodgrain management system in the 1980's to search for a new direction of grain administration.

(2) The Grain Circulation System. In our country's rural economy, rice has traditionally been the staple food and at the same time, an important item next to currency, a means of exchange, because of which the ratio of rice as negotiable commodity has been hovering over a line of nearly 48 percent more or less. Generally, there has been little change in this ratio in the 30 years from the 1950's when the ratio of the entire grain crops as negotiable commodity was below 20 percent to the 1970's when this ratio was above 45 percent.

Consequently, the ratio of rice available for free circulation was equivalent to that amount of rice out of the more or less 48 percent line of rice as negotiable commodity after exclusion of rice delivered to the government. That is, in the 1950's and 1960's, 40 percent of the entire rice production after exclusion of some 8 percent, the ratio of government procurement, was available for free transactions; and in the 1970's, 28 percent or a lower ratio after exclusion of 20 percent was, it might be regarded, the so-called general rice.

Up to the time before agricultural cooperative organizations began positively stepping into the grain market, directly or indirectly, following the 16 May revolution, it

was the traditional merchant firms that carried the day in the urban and local areas, but the merchant firms came to be gradually supplanted by the government and agricultural cooperative organizations.

To take a look at the rice circulation structure centered around local areas and Seoul, in the 1950's there were the producers, toejangi [person who measures grain at a rice-dealer's], collecting merchants or brokers in the collecting stage, which is the first circulation stage; in the intermediate stage there were local rice mills and major brokers; and in the distribution stage, there were major brokers, consignment sales merchants and wholesale and retail merchants. Such was the complex circulation structure before rice reached the consumer.

But in the post-subok period [subok means the recovery of lost land, that is, areas recovered after the 25 June war, north of the 38th parallel and south of the armistice line, such as the whole of Yangyang, Yanggu, Inje, Hwach'on, Kimhwa, and Ch'orwon, Kangwon Province; most of Yonch'on, Kyonggi Province; and partial areas of Kosong, Ch'ungsong, Kangwon Province, and of P'och'on, Kyonggi Province], as the amount of rice in circulation increased, so did the amount of funds needed by the merchants in various stages of circulation. But paucity of their operating capital caused changes in the operational structure of the market. That is, major brokers with ample capital exerted their influence on local rice mills, collecting merchants and even the producers; and for their sales outlets, they turned capital-short wholesale merchants into their consignment sales merchants, and loaned their commercial capital to local rice mills and collecting merchants to buy up rice at harvesttime. With the implementation of the system for financing on rice as collateral, there were many instances in which they penetrated even petty farmers at the base level.

On the other hand, the number of wholesale merchants and consignment sales merchants increased in the urban areas. According to a survey conducted by the research department of the Agricultural Bank, as of 1958 there were 150 grain wholesale merchants in Seoul located at various grain markets such as the central market of Sindang-tong, the central market of Hap-tong, the Yongdungp'o market, the Tongdaemun market, the Namdaemun market, the Ch'ongnyang-ri market, the Ahyon market, the Tongja-tong market and other markets; but in 1959, their number increased to some 250.

But 80 percent of them were consignment sales merchants and only 20 percent of them were running business with their own capital.

As of 1975, the percentages of various kinds of grain as negotiable commodity were as follows: rice 48.15 percent, barley 42.26 percent, soybean 76.05 percent, corn 64.10 percent.

On the other hand, the percentages were 64.9 percent for sweet potato and 46.02 percent for potato. Thus, as a whole, the percentages of all kinds of grain as negotiable commodity are showing the tendency to increase year after year.

There were three outlets for the grain produced by farmers: procurement by the government, base level agricultural cooperative, and general grain merchants.

Table 4. Percentages of Various Kinds of Grain as Negotiable Commodity

Grain	1967	1971	1975
Rice	50.65	46.04	48.15
Barley	23.86	29.06	42.26
Wheat	24.93	34.74	27.25
Corn	51.00	61.05	76.05
Millet	13.90	18.84	45.86
Kaoliang	-	58.42	21.43
Soybean	46.74	58.40	64.10
Adzuki bean	29.55	55.05	65.0
Small green peas	39.62	-	46.0
Sweet potato	31.97	30.50	64.86
Potato	24.12	40.03	46.02

Source: "A Guide to Agricultural Products as Negotiable Commodity," 1979, National Agricultural Cooperative Federation

Table 5. Percentages of Rice by Strains, by Sales Outlets, by Sales Ratio

Strain of rice	Government	Agricultural cooperatives	Field collecting merchants	Rice mills	5-day markets	Urban retailers	Consumers	Other	TOTAL
T'ongil rice	97.0	0.7	0.1	-	1.6	0.1	-	0.5	100.0
General rice	21.5	22.8	16.4	19.2	11.4	2.2	0.6	6.0	100.0*
Average	71.9	8.0	5.5	6.4	4.9	0.8	0.2	2.3	100.0

Source: "The State of Rice Circulation," 1975, Research Department of National Agricultural Cooperative Federation

* As given, s/b 100.1

According to a survey of the state of rice circulation made in 1976 by the National Agricultural Cooperative Federation on 200 farm households (Table 5), 71.9 percent or by far the largest percentage of the total amount of rice sold by the farmers surveyed was purchased by the government, 8.0 percent by agricultural cooperatives, 6.4 percent by rice mills, 5.5 percent by field collecting merchants, 4.9 percent by 5-day markets, 0.8 percent by wholesale [as given] and retail merchants, and 2.3 percent by other.

Recently, it is the general trend that the ratio of rice sales to the government is increasing, and the major factor accounting for this is that the government authorities are giving priority to the purchase of T'ongil rice as a means of inducement for increased production of T'ongil rice.

An examination of government dealings in grain circulation shows that the government has been increasing its purchase quantities of rice, barley and wheat every year with a view to securing government management grain and supporting prices for producer farmers. The quantity of rice purchased by the government in 1972 was 3,418,000 sok which increased to 5,483,000 sok in 1976, or an increase of 60.4 percent in 5 years. The ratio of purchase against amount of rice produced was 12.3 percent in 1972, which increased to 16.9 percent in 1976. In the case of barley, the quantity purchased by the government in 1972 was 1,066,000 sok which increased in 1976 to 3,766,000 sok or more than a threefold increase.

In particular, in releasing its rice holdings, the government had the Seoul Special City grain market association handle the business but the association failed to make any significant contribution to the stabilization of grain prices as intended by the government. Therefore, agricultural cooperatives came to take complete charge of the business attendant upon grain releases, and grain was released through cooperative direct sales stores and district cooperative chairmen.

To take a look at the agricultural cooperatives as the grain circulation channel, there are 1,810 ku sales stores of agricultural cooperatives on a myon unit basis in the production fields, 138 ku sales stores on a cooperative unit basis in the cities and counties; and in the consumption centers there are 18 joint sales stores under the direct management of the National Agricultural Cooperative Federation, in addition to 1,417 direct sales stores in all cities. (Figure 1)

As to the circulation channel through merchant organizations, which is the traditional circulation channel in our country, as of the end of 1976 there were 23,145 grain retailers, 507 grain wholesalers, 179 grain brokerage firms, or a total of 23,831 grain merchants, whose business is licensed by the government.

The grain circulation channel through merchant organizations went through 4-5 hands from producer to consumer, and because of such complex, circuitous circulation channel was costly, the actual amount of money the farmer got paid was less than in the case of the agricultural cooperative (Figure 2). Recently, with the opening of freeways, grain transportation conditions have improved, trucks taking over grain transportation from trains, and markets in the production field lost their importance as collecting points, as direct shipments of grain to the consumption centers markedly increased.

Figure 1. Circulation Channel Through Agricultural Cooperative Organizations

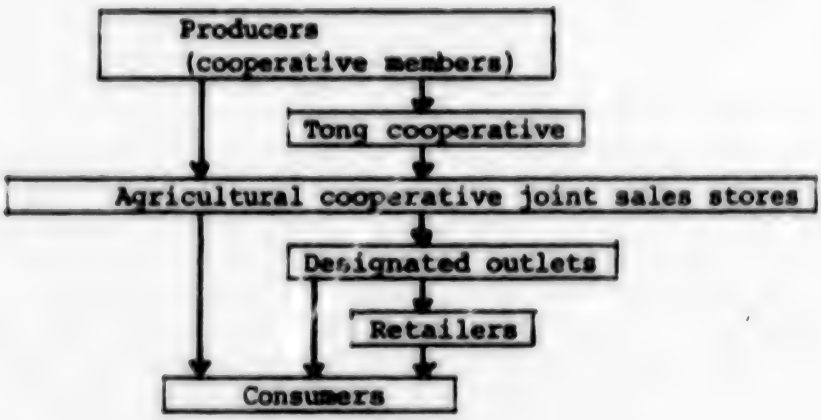
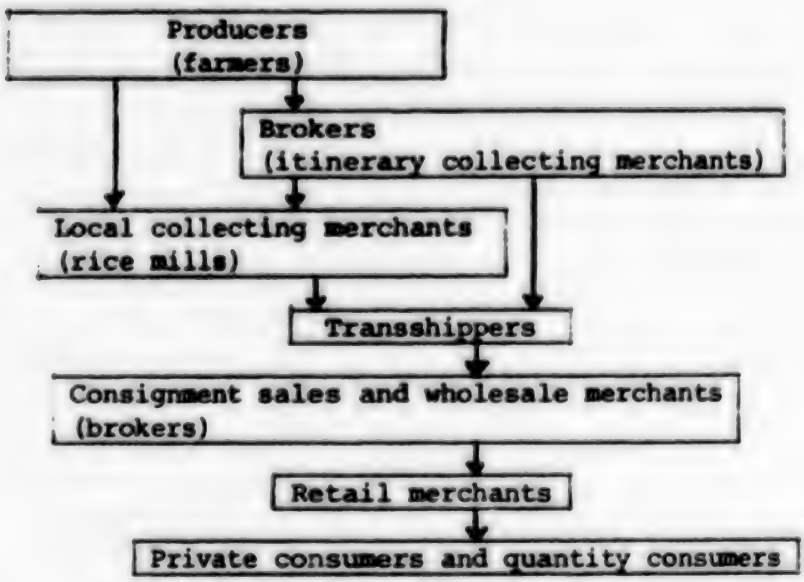


Figure 2. Major Rice Circulation Channel



III. The Direction of Grain Administration in a Turnaround Period

(1) The Emergence of Advocacy for a Change in Grain Administration. As one of the economic measures in a turnaround period, the KDI [Korean Development Institute] and EPB [Economic Planning Board] have been contending since 1979 for a so-called turnaround in grain administration. This contention, which seemed to falter for a while on account of the 26 October [incident], is being pushed again by certain extreme economists in the form of advocacy for a change in grain administration as preparations got under way for the Fifth Five-Year Plan. Their contention is that now is the time to think about 70 percent [of the population], the consumers, rather than the 30 percent, the farmers. That is, according to their calculation, as of the end of 1979, the special grain account deficit was 910 billion won, and even if the fiscal 1978 surplus revenue of 268 billion won was used to pay off part of the loans from the Bank of Korea, if a new loan of 200 billion won was added, the deficit in the special grain account as of the end of 1980 would exceed 1 trillion won.

To summarize the advocacy for a change in grain administration: (a) the growing negative balance of the special grain account on account of protection of the farmers is becoming a factor in runaway inflation; (b) but the current grain system (the dual price system) is merely intensifying the distinctions of the rich and poor within the rural areas and as a result, neither the farmers themselves nor a majority of the consumers are happy with the system; (c) transactions in grain, too, like industrial crops, should be left to the self-governing functions of the market, and either the agricultural cooperatives or Grain Corporation (provisional name) should purchase grain at prices prevailing in autumn and sell it at prices prevailing in spring, except that as part of its social policy, the government should continue to purchase grain from petty farmers.

As seen above, what is significantly at the bottom of the advocacy for a change in grain administration is the notion to promote the well-being of the consumers in terms of living cost and at the same time, to protect the government finances without anymore financial hemorrhage by means of leaving them to market functions, now that self-sufficiency in grain has been achieved, with grain prices already considerably higher than international prices.

Moreover, according to various government statistical data, domestically the income of the farmer is running ahead of the income of the urban worker while internationally, there is the need to import still more foreign agricultural products for the sake of expanding exports. Thus, what the advocacy for a change in grain administration is aiming at becomes self-evident. In particular, up to the Third Five-Year Plan prior to the worldwide fluctuations in food supplies, it was possible to import cheap foreign agricultural products limitlessly which in turn made it possible to plan for price stabilization and adopt measures for industrialization mainly by exports. So, as far as the government officials of those days and the current leading researchers of the academic circles in economic development are concerned, it should be nothing strange if they had a feeling of nostalgia toward the past successful developmental strategy and economic measures when they took a look at the international agricultural products market which has eased somewhat, recently.

But the advocacy for a change in grain administration being advanced in certain quarters of the government has been conceived altogether on an erroneous basis, causing an uneasy feeling about the future of our country's agriculture.

(2) The Errors in the Advocacy for a Change in Grain Administration. The logic of the advocacy for a change in grain administration explained above seems persuasive on the face of it but hidden in it are grave theoretical and practical errors which are not easily detectable.

The first error is the shortsighted or deliberate view to attribute the negative balance of the special grain account under the current grain [administration] system solely to the protection of interests of the producer farmers alone.

As Table 6 shows, the grand total of the negative balance of the special grain account as of the end of 1979 was 730.2 billion won--the figures released by the planning authorities as quoted above, are loans from the Bank of Korea, not the actual deficit figures--and out of this figure, the flour price support subsidy to flour mills for protection of the consumers in terms of living cost was some 128 billion won or 17.5 percent of the total deficit figure. And the deficit figure under the dual price system for barley and other kinds of miscellaneous grain was 25.1 percent or 183.8 billion won, and for procurement and release of rice, 57.3 percent or 418.4 billion won.

Now, a breakdown of the deficit figures under the dual price system for rice, barley, etc, shows that never once since 1970 has the government released price of rice exceeded the purchase price paid to the farmers. Put another way, the deficit figure of the grain fund is not solely attributable to rice purchased at high prices for the sake of the producers alone but also in large measure to the release of government rice at prices way below prevailing prices at time of release or the autumn purchase prices, for the sake of the consumers and also for the sake of price stabilization. Accordingly, the price support subsidy for flour, which accounts for 17.5 percent of the deficit balance of the special grain account, is solely for the sake of the consumers and price stabilization, and so is one-half of the 82.4 percent of the remaining deficit figure for rice and barley, that is, 41.2 percent, for the sake of the consumers and price stabilization. Thus viewed, 58.7 percent of the total deficit figure of the special grain account is for the protection of the consumers.

So theoretically groundless is the contention that the deficit figure of the special grain account is solely attributable to protection of the consumers. What is more, it is hard to understand the stand of the EPB tending to view the loans from the Bank of Korea as actually synonymous with the deficit figure of the special grain account and thus lay the blame solely at the door of the agricultural branch.

For the past 5 years (1973-1977) the average government purchase price of rice from the farmers increased by 21.9 percent a year while on the one hand the production cost of the farmers rose by an average of 23.6 percent each year and on the other, the consumer price increased by 15.6 percent yearly; still, the annual increase in the price at which the government rice was released was only 14.5 percent. What does this mean? To speak in conclusion, the price at which the government rice was released was kept at the almost standardized low level for 1978, with the result that our per capita consumption of rice as of 1978, growing beyond the estimated proportionate increase consistent with the increase in income, approached 135 kg, the worldwide maximum annual percapita consumption, and in spite of the biggest harvest since Tangun [2333 B.C.], no less than 3.5 million som [a som equals 5.12 U.S. bushels] of foreign rice were imported. Some 4 million som of foreign rice are being imported for 1980 too.

Table 6. Annual Negative Balance of the Special Grain Account (in 100 million won)

Year \ Grain	Rice	Barley	Other kinds of grain	Flour price support	TOTAL
1970	4	(-) 28	(-) 4	-	(-) 28
1971	51	(-) 45	(-) 6	-	-
1972	49	(-) 61	(-) 4	(-) 6	(-) 22
1973	9	(-) 88	(-) 10	(-) 165	(-) 254
1974	(-) 327	(-) 356	(-) 19	(-) 548	(-) 1,250
1975	(-) 163	(-) 220	(-) 7	(-) 546	(-) 936
1976	(-) 197	(-) 286	(-) 5	(-) 15	(-) 503
1977	(-) 19*	(-) 433	21	-	(-) 631
1978	(-) 1,540	(-) 145	94	-	(-) 1,591
1979	(-) 1,851	(-) 285	49	-	(-) 2,087
TOTAL	(-) 4,184	(-) 1,947	109	(-) 1,280	(-) 7,302

Source: Grain Administration Section, Foodgrain Policy Bureau, Ministry of Agriculture & Fisheries

* Judging from rice total and 1977 total, this should be (-) 219.

(3) The Negative Balance of the Special Grain Account and Inflation. Second, there is also a flaw in the concept that the negative balance of the special grain account is intensifying inflation. The essential nature of the problem lies in that 80 percent of the special grain fund is financed by loans from the Bank of Korea, and the grain fund in itself is not a factor directly responsible for inducing inflation. Neighboring Japan has been managing food more thoroughly than under a dual price system, but our country has been unable to finance food (grain) management within the regular budget. That is where the cause for increased currencies in circulation is. If anything, it might be said that the grain fund in itself, depending on how it is utilized, has the potential of growing efficacy as a plus in nurturing general boom and promoting an increase in the income and production of the farmers.

Even though the national financial situation did not permit the financing of the grain fund within the general account of the budget, if, at a minimum, part of the sales proceeds were credited to the domestically financed grain fund even as the astronomical imports of foreign surplus agricultural products operated to sacrifice the economy of the farmers, we would not be witnessing today the equation of "grain fund = loans from the Bank of Korea = inflation." Therefore, it could not but be asserted that the theory on inflation caused by the negative balance of the special grain account, a theory advanced by the advocates for a change in grain administration, is a prescription, in fact, off the mark.

If, for the sake of argument, the negative balance of the special grain account was considered as a factor actually contributing to inflation, as Table 9 shows, the actual degree of its direct contribution to inflation was an average of 1.02 percent a year for 1972-1977 while that of the loans from the Bank of Korea was 2.23 percent. But from 1975 onward, the rate of inflation caused by the actual increase in the currencies in circulation continued to rise (from 3.8 percent to 6.1 percent), while the rate of inflation caused by the negative balance of the special grain account or the loans from Bank of Korea has been shrinking in absolute terms. This reflects the state of affairs during the period of rapidly intensifying inflation relatively caused by overseas and private sectors, and it might be said that this is hinting where the archvillain of inflation is.

(4) The Fore-and-Aft Chain Effects of the Grain Policy. Third, the error in the advocacy of the EPB or KDI for a change in grain administration is a much too simplistic an evaluation of the fore-and-aft chain of events mechanism of the grain policy up to now. When viewed in terms of the national economy, the operation of the special grain fund, as mentioned earlier, brought about minus effects, i.e., an actual deficit figure of 45.3 billion won on an annual average for 1970-1977, or a loan of 160 billion won on an annual average. But on the other hand, implementation of the dual price system played the decisive role to increase the production of grain, more than 7 percent on an annual average in the case of rice (the increased supply in response to the rice price was estimated at 0.2-0.3 percent and that of barley, at 0.4-0.6 percent). Moreover, the effects of contribution to the increase of the income of farm households are great, i.e., the effect in the case of rice (a minimum of 43.3 percent increase) and the effect of improvement on the conditions of trading with other industries (increase in the income of farm households, 0.8 percent). Also great is the effect of preventing drastic price drops that might have happened, had it not been for the government purchase at harvesttime. According to an analysis made by the Korean Institute of the Rural Economy, in the event that the rice price flexibility was conservatively set at 1 (actually much bigger than 1), it was

Table 7. Annual Breakdown of Per Bag Dual Price by the Classication of Grain (in 100 million won: A, procurement price)

Grain	Rice year	Costs			Release price (C)	C/A %	C/B %
		A	Operating cost	Total (B)			
Rice (80 kg)	1970	7,000	664	7,664	6,500	92.9	84.8
	1971	8,750	738	9,488	9,300	106.3	98.0
	1972	9,888	792	10,680	9,500	96.1	89.0
	1973	11,377	415	11,792	11,264	99.0	95.5
	1974	15,760	1,488	17,248	13,000	82.5	75.4
	1975	19,500	1,996	21,496	16,730	85.8	77.8
	1976	23,200	2,424	25,624	19,500	79.3	71.8
	1977	26,260	3,372	29,632	22,420	88.6	69.6
	1978	30,000	5,088	35,088	26,500	88.3	75.5
	1979	36,834	7,126	43,960	26,500	71.9	60.3
Barley (76.5 kg)	1970	3,850	548	4,398	3,100	80.5	70.5
	1971	4,890	672	5,562	4,300	87.9	77.3
	1972	6,357	796	7,153	4,800	75.5	67.1
	1973	6,993	909	7,902	6,000	85.8	75.9
	1974	9,091	1,412	10,503	6,900	75.9	65.7
	1975	11,100	1,446	12,546	8,320	75.0	60.3
	1976	13,000	1,749	14,749	9,200	70.8	62.4
	1977	15,500	2,462	17,962	10,120	66.6	57.5
	1978	18,500	4,068	22,568	10,20	54.7	44.8
	1979	22,000	9,618	31,618	10,120	46	32

Source: Foodgrain Policy Bureau, Ministry of Agriculture & Fisheries

Table 8. Funding for the Negative Balance of the Special Grain Account (in 100 million won)

	1972	1973	1974	1975	1976	1977	1978	1979
Bank of Korean loans	360	500	1,600	2,300	1,500	1,700	1,540	2,000
Long term	360	500	1,600	2,300	1,300	1,500	1,540	2,000
Short term	-	-	-	-	200	200	-	-
Grain bonds (for bal)	-	-	-	-	1,000	1,000	2,300	2,600
Total	360	500	1,600	2,370*	2,500	2,700	3,840	4,600

Source: Accounting Office, Ministry of Agriculture & Fisheries
* As given.

Table 9. Estimated Percentage of Inflation Caused by the Negative Balance of the Special Grain Account

Year	Currencies in circulation as of end of year			(1) % of inflation caused by increased currency issue (A)	(2) % of negative bal of special grain account against increased currency issue (B)	(3) % of B of K loans against increased currency issue (C)	(4) % of inflation caused by negative balance of special grain account	
	Amount (in 100 million won)	Amount increased over previous year (in 100 million won)	% of increase over previous year				R_1	R_2
1972	5,194	1,614	45.1	6.8	1.4	22.3	.1	1.5
1973	7,303	2,109	-	6.1	12.0	23.7	0.7	1.4
1974	9,457	2,154	29.5	4.4	58.0	74.3	2.6	3.3
1975	11,817	2,360	25.0	3.8	39.7	97.4	1.5	3.7
1976	15,440	3,623	30.7	4.6	13.9	41.4	0.64	1.9
1977	21,726	6,286	40.7	61	10.0	27.0	0.61	1.6

(1) Percentage of increased currency issue over previous year X inflation factor (0.15) of currencies in circulation
(2) For negative balances of special grain account, see Table 1
(3) For losses of special grain account (Bank of Korea loans) see Table 3
(4) $R_1 = A \times B_1$ $R_2 = A \times C$
Source: "Monthly Statistics," January 1979, Bank of Korea (Compiled by Chu Yong-chae, Korean Institute of the Rural Economy)

estimated that the rice price at 1977 harvesttime would have fallen from 23,291 won per bag (actually prevailing December 1977-January 1978) by 48.4 percent (11,273 won). But the government, in purchasing some 19.5 million bags of rice, paid 26,206 won per bag. Thus it was possible for the rice year mentioned to prevent the price drop of 11,273 won per bag at a minimum for some 40 million bags of rice as negotiable commodity which in turn prevented the reduction of no less than 45 million won in the (?non-cash income) of the farmers.

When, based on such logic, the effect of the negative balance of the special grain account under the dual price system on the living cost of the consumers is viewed with the fact taken into consideration that the urban wholesale price prevailing during the 1977 rice year (November 1977-August 1978) was 23,969 won per bag, the consumers enjoyed the benefit of a minimum of 5,569 won price subsidy per bag as the release price of government rice was no more than 18,400 won per bag. This amounts to some 220 billion won in subsidy for 40 million bags of rice, the total quantity handled by the government for said rice year. Even after taking into consideration the quality of the rice released by the government, the subsidy to the consumers goes way over 21.9 billion won which is the figure in the red of the special grain account for said rice year. If, in addition, the earlier mentioned effects are taken into consideration, i.e., the effect on increase in production, the effect on increase in the income of farm households, and the effect on prevention of price drops at harvesttime, the efficacy of the operation of the special grain fund in terms of the national economy becomes graphically clear. Again, when the fact is taken into account that the special grain fund system has been used all along as a decisive economic tool for price stabilization, it will be impossible to simplistically stress its negative side alone.

(5) The Need To Appreciate Grain Administration Anew. Inasmuch as the negative balance of the special grain account thus created in the process of guaranteeing the cost of production and protecting the cost of living of the consumers at time of demand represents a crucial social importance, it will not do to write a superficial prescription haphazardly without taking the time out to precisely weigh the benefit to the producers and consumers alike against the deficit amount in the operation of the grain fund.

Another error committed by so-called advocates for a change in grain administration is their excessive believing in the functions of a self-governing market. As everyone knows, the harvesttime of agricultural crops is limited to a point in time, highly perishable, and vulnerable to storage and transportation while the demand for it remains even throughout the year. Therefore, the phenomenon of extaordinary price fluctuations commonly known as the Gregory King's Law comes to emerge markedly especially at harvesttime. On top of it, in our country, as a majority of produce farmers are in the habit of making cash settlement of various accounts at harvesttime, the phenomenon of so-called sales out of desperation comes to emerge.

But recently, the KDI has come out to advocate leaving grain prices to the self-governing market functions. Of course, there are a few provisos attached to such advocacy. For example, it is proposed that either the Agricultural Cooperative Federation or the Grain Corporation (provisional name) be made to buy up grain at harvesttime at prevailing prices but that where farm households with less than 0.5 chongbo of farmland are concerned, the government buy up their rice at high prices. To judge from experience in the drastically falling grain prices at harvesttime

as against soaring prices during the period of peak demand before and after 1960 when no grain procurement policy like today's was in effect, it is as clear as the light even without the benefit of the Gregory King's Law what kind of a phenomenon the self-governing market functions will bring forth. And presupposing the functions of the present circulation organizations and merchants, it is quite easy to foresee the chaos in the grain market functions which it is hoped will be self-governing. Even as the government, and agricultural cooperative organizations as a quasi-government agency, exercising like today various kinds of control power, account for nearly 50 percent of the grain market, they are still unable to set straight the chaos in the circulation of general rice. Under the circumstances, it is apt to be erroneous to hold the notion to handle the grain circulation markets solely with lukewarm control functions intent on following the prevailing trends.

What is more, it must be pointed out that it is rather a product of mushy thinking devoid of a sense of direction to propose in the name of a social policy to buy up grain at high prices from petty farmers who are unable to produce enough grain even for the consumption of their own families for 1 year. If efforts are to be truly exerted on behalf of such petty farmers as a second dimensional benefit of a social policy, then an extra-economic method might be more appropriate than the method of buying up their grain.

It may be that at the bottom of such notion to make special purchases of grain from the petty farmers is what is tantamount to a failure to understand, except merely as a social policy toward the farmers in general, the grain purchase policy which the government has implemented all this time with multiple objectives such as increase in the income of farm households, inducement for increased production, protection of the living cost of consumers, and price stabilization. Therefore, it would seem that the EPB or KDI has diagnosed that the current grain procurement policy has served in the rural areas to make the rich farmers richer and the poor farmers poorer. Granting for the sake of argument that such micro-judgment has a considerable persuasive power, it is through and through no more than elucidation of the tip of an iceberg about the current grain policy, and does not encompass the entire forest, as explained above in detail. In the rush to cool inflation, it will not do to commit the compound error of repudiating or glossing over the whole with a partial cause and effect.

12153
CSO: 4108

WOMEN CHANGING WAY OF THINKING

Seoul NEWS REVIEW in English 13 Dec 80 pp 22-23

[Text] Koreans' sense of values has undergone a relatively big change, during the past decade, according to a survey conducted by a behavioral science research center.

The survey, conducted by the government-supported Korean Institute for Research in the Behavioral Sciences, involved 1,193 married women in urban and rural districts, who are aged over 15. A similar survey was undertaken by the same behavioral research in 1971.

The latest survey revealed that 67.9 per cent of those polled replied, "I would go ahead," when asked as to how they would act when they face the situation in which their parents oppose their marriage to men of their liking. The figure stood at 57 per cent 10 years before.

The survey found that 82 per cent said they would show no discrimination against their daughters in the education of their offsprings in case they are bright, able and talented.

Those who asserted that parental property be inherited to daughters in addition to sons also increased from 69 per cent to 78.5 per cent, according to the survey.

A majority of 61 per cent replied that a family's oldest son can still be faithful to his parents, even though he is away from them. The figure for the past decade was 56 per cent. As a result, the increase rate was limited to a mere 5.3 per cent.

Those who said that high ability workers should be treated better than old-timers who lack workmanship numbered 73 per cent, compared to 61 per cent in 1971.

Respondents who said that "I am an able worker," accounted for 65 per cent, an increase of nine per cent.

The percentage of those who asserted that younger persons should learn more foreign customs and mores, dropped to 18.8 per cent from 46 per cent. In contrast, 81.2 per cent said that Koreans should be more familiar with their own customs.

As to public order, 78 per cent said that notables should be equal before the law, compared to 54 per cent. More than 53 per cent believed that one can become the

President or a lawmaker on their own effort. And 66 per cent said that one should struggle to restore his or her right in case it was violated by the government. Some 83.8 per cent were in favor of farm mechanization, a drop of about 4 per cent.

As to the future of Korea's economy, 88 per cent predicted that it will prosper. About 10 years ago, those who expressed such optimism stood as high as 96 per cent.

CSO: 4120

YOUNG PEOPLE URGED TO FULFILL SOCIALIST LABOR LAW

Pyongyang NODONG CHONGNYON in Korean 27 Sep 80 p 2

[Article by Kim Kwang-mo: "The Programmatic Guideline We Must Grasp Firmly and Use in Thoroughly Implementing the Socialist Labor Law"]

[Text] Today is the first anniversary of the respected and beloved leader Marshall Kim Il-song's publication of his historic work "Let Us Thoroughly Fulfill the Socialist Labor Law."

As a programmatic document lighting the way to the final solution of the labor problem, this work of the leader is a guideline for fulfilling the socialist labor law and bringing about a transformation in labor administration work to push socialist economic construction vigorously.

The socialist labor law has legally solidified the successes achieved in the process of executing the labor laws and regulations promulgated in 1946 while further improving labor administration work and it clearly shows the requirements and principles we must uphold in socialist labor life.

Our country's socialist labor law embodies the immortal chuche ideology and is a chuche labor law which outlines the state's labor organization principles and the basic principles which the workers must keep in labor life.

Having thoroughly mastered the socialist labor law, the great leader published on 27 September 1979 his historic work "Let Us Thoroughly Fulfill the Socialist Labor Law," throwing light on the full range of tasks encountered in fulfilling the socialist labor law in order to demonstrate its superiority and vitality.

The respected and beloved leader Marshall Kim Il-song has taught as follows:

"With all of the workers thoroughly fulfilling the socialist labor law in labor life, we must actively further the three revolutions of ideology, technology, and culture, and make our country's socialist system more solid." ("Let Us Thoroughly Fulfill the Socialist Labor Law," special edition, pp 4-5).

In this work, the great leader shed light on the important problems encountered in fulfilling the socialist labor law such as the problem of doing work with people and political work, well, the problem of making the workers love labor and do their work according to the socialist labor life model, the problem of thoroughly

instituting the socialist distribution principle and the socialist labor compensation sytem and the problem of fulfilling the broad mass line in labor administration work and he set forth programmatic tasks for improving labor life in accordance with the requirements of the new stage of revolution.

These guidelines set forth by the respected and beloved leader are original guidelines based on the chuche ideology and are programmatic indicators giving the most comprehensive answer for the resolution of all problems encountered in labor administration work.

The guideline for relying on the strength of the masses to carry out labor administration work successfully embodies the basic requirements and philosophical principles of the chuche ideology by strengthening the work with people, political work, in labor administration work to enhance the people's ideological consciousness to the utmost and thoroughly fulfill the broad mass line.

All the guidelines arising in the fulfilling of the socialist labor law, including the guideline for strengthening work with people, are consistent with the chuche ideology and constitute a new, original resolution of the problems encountered in labor administrative work. In particular, the guideline for correctly instituting the socialist labor conservation system by correctly establishing labor quotas and then simultaneously increasing labor conservation and labor quotas is a guiding indicator which has shed new light on the problems of principle arising in the realization of the principle of socialist distribution.

The respected and beloved leader gave us a firm guarantee enabling us to vigorously push the high political awareness and labor zeal of the workers and make production and construction grow ceaselessly at a high rate of speed by setting forth the new guideline based on his profound analysis of the historical experience of socialist construction and realistic requirements which says that we must increase the workers' living expenses, awards and bonuses at the same time we increase their labor quotas.

In the work, the great leader threw light on the full range from fundamental tasks to means of execution for resolving all the problems that arise in labor administration work.

The originality and correctness of the ideology and theory contained in this work by the great leader makes it a guide which we must firmly grasp in our country's socialist construction work as well as being a classic document further developing and enriching the revolutionary theory of the working class and the theory of socialist labor administration.

The correctness and vitality of all these guidelines revealed by the great leader in this work have been fully demonstrated through the practical struggle of socialist construction during the past year.

Labor administration work, as work with people, has been thoroughly transformed and fundamental change has occurred in our workers' ideological and mental aspect and in their viewpoint and attitude toward work. The urgent labor power problem has been solved, a rapid rate of socialist construction has been ensured, and all workers enjoy even more self-dependent and creative working lives under safe and sanitary working conditions.

It is a glorious duty of all League of Socialist Working Youth (LSWY) members and all young people to step forth to fulfill more thoroughly all the tasks revealed in this work by the great leader. It is here, in the stepping forth to the fulfillment of the party's labor policy by all youth deeply aware of the epochal duty which they bear, that the true path lies to thoroughly fulfilling the socialist labor law, to further strengthening the socialist system and to achieving prosperity for the Fatherland and a happier life for the people.

In this work, the great leader first of all teaches that in order to fulfill the socialist labor law, we must do political work and work with people well and he reveals its content and method.

The basis of all work is work with people. That is because people conquer nature, create material wealth, and remake and develop society. Inasmuch as labor administration work is an important part of work with people, political work as work with people must be emphasized.

Youth must always highly demonstrate a masterly attitude and initiative while working sincerely and must further fan the flames of collective innovation in socialist construction by first of all firmly arming themselves with the great leader's chuche ideology. When all youth work devotedly, whether anyone is watching or not, at the guardposts they have assumed for the party and the revolution, for the Fatherland and the people; when the flames of collective innovation burn fiercely everywhere, our country will grow rich and strong and our revolution will progress even more vigorously.

Youth must also thoroughly eradicate all kinds of old ideologies such as individualism and opportunism and must all value the benefit of society and collective, demonstrating highly the communist trait of working devotedly for the Fatherland and the people.

Any difficult and complex task that may be encountered in socialist construction can be carried out well if we follow and learn the work and life ethic of the anti-Japanese guerrillas. Youth must uphold the revolutionary slogan "Production, study, and life all in the anti-Japanese guerrilla style" and actively follow and learn the attitude of masters of revolution and the spirit of self-reliance carried by the anti-Japanese guerrillas to carry out responsibly and without the slightest hesitation any task that arises no matter how difficult and complex; youth must overflow with vigorous fighting spirit and zeal to work militantly and live in a revolutionary manner.

While emphasizing in this work that all workers also be made to love labor and work according to the socialist labor life model, the great leader taught that the important things are to indoctrinate the workers in the spirit of loving labor and to liberate them from strenuous work, to strengthen labor discipline and eliminate the phenomenon of labor waste, to enhance labor power and raise the workers' level of technical proficiency, and to cherish facilities and conserve materials.

Youth must first of all participate in labor sincerely with the spirit of loving labor and must step to the fore in carrying out the technological revolution to liberate workers from strenuous work. All must substantially carry out a movement

of following the model of the hidden heroes to actively participate in the mass technological innovation movement and thoroughly overcome all kinds of old ideologies such as technical mysticism, conservatism or empiricism which block technological progress, and they must plant themselves firmly in the chuche viewpoint to display highly the revolutionary spirit of self-reliance.

Youth must also self-consciously adhere to labor discipline and wage a strong struggle against the phenomenon of labor power waste; they must join ranks to firmly defend the revolutionary guardposts while actively waging the struggle to enhance ceaselessly its level of technical proficiency. Facilities must operate regularly and materials and raw materials must be abundant to be able to work as desired and increase production.

All youths must love facilities as their own eyes and keep them well, and must step to the fore in operating facilities according to the standard operation method and in inspecting and maintaining facilities in a timely manner. They must clearly realize that their share too is in society's material wealth and that society's wealth must increase if they too are to live well. They must actively conserve and effectively use even one gram of iron, one watt of electric power, one length of thread, one grain of rice and one drop of fuel while striving to produce more.

In addition to this, in his work the great leader taught about thoroughly instituting the socialist distribution principle and the socialist labor compensation principle as well as thoroughly fulfilling the mass line in labor administration work.

Youth must display high responsibility in all work with deep concern for systematically increasing labor quotas, and must actively contribute to increasing ceaselessly the per person production amount.

Today when socialist construction is proceeding at an unprecedentedly high speed, the duties facing youth are truly heavy.

LSWY members and young people must uphold the great leader's teachings about thoroughly fulfilling the socialist labor law and bring about a great transformation in labor administration work.

9137
CSO: 4108

REVIEW OF EVENTS FOR SEPTEMBER 1980

Seoul VANTAGE POINT in English Vol 3, No 10 Oct 80 pp 21-32

[Text]

EVENTS IN SEPTEMBER, 1980

1 The (north) Korean Central Broadcasting Station (KCBS) reports President Kim Il-sung cabled a congratulatory message to the Libyan president on the occasion of the 11th anniversary of the country's revolution, August 29.

1 KCBS reports President Kim cabled a congratulatory message to the Qatar head of state on August 30 on the occasion of the country's ninth independence anniversary.

1 KCBS reports a Central People's Committee decree awarded the National Flag First Class to Wonsan Economic College on the occasion of its 20th founding anniversary, August 20.

1 KCBS reports the 18th national athletic meet was held on August 27 through 31 in Shinuiju.

1 Radio Pyongyang reports Premier Lee Jong-ok (리 종 옥) cabled a congratulatory message to the Malaysian premier on the occasion of the country's 23rd independence anniversary. He also cabled a congratulatory message to the Trinidad and Tobago premier on the occasion of the country's 18th independence anniversary.

1 President Kim meets with the visiting director of Jordan "Juche Institute."

1 A Hungarian Radio and TV mission arrives in Pyongyang for a 16-day visit.

1 A Hungarian health mission led by the country's deputy health minister arrives in Pyongyang for a nine-day visit.

1 A Soviet Journalist League mission led by its deputy chairman arrives in Pyongyang for a nine-day visit.

1 An East German news agency mission arrives in Pyongyang for a nine-day visit.

1 The Mali athletic, art and cultural minister arrives in Pyongyang as a presidential envoy for a nine-day visit.

1 KCBS reports the Workers' Party has recently called its chapters in cities, districts and counties into session as a preparatory step for the convening of the sixth Party congress.

2 President Kim cables a congratulatory message to Vietnamese leaders on the occasion of the country's national holiday.

2 KCBS reports a Central People's Committee decree awarded the Kim Il-sung Order to the International College on the occasion of its 20th founding anniversary, August 19.

2 KCBS reports exhibitions of north Korean books, pictures and handicrafts were held in India, Nepal and Pakistan recently.

2 Radio Pyongyang reports north Korea and Sudan signed an agreement on cultural exchange for 1980-1981 in Khartoum on August 28.

2 Radio Pyongyang reports wrestlers Cho Jong-ho and Pak Tae-hwan won gold medals in the 48kg and 56kg divisions of the young men's goodwill international wrestling match for Socialist countries held in Hungary recently.

2 Radio Moscow reports a north Korean Architect League mission led by Kim Ung-sang (김 응 상), chairman of the State Construction Commission, arrived in Moscow.

2 Deputy Premier Chong Jun-gi (정 준 기)meets with the visiting Zimbabwe government mission led by the country's public information and tourism minister.

2 KCBS reports a Party mission led by Yang Hyong-sop (양 형 섭), president of the Social Science Academy, visited Nigeria from August 26 to 31.

2 A mission of the Yugoslavia Communist League paper led by its editor-in-chief leaves Pyongyang winding up an eight-day visit to north Korea.

2 The outgoing Cambodia ambassador leaves Pyongyang.

2 Women basketball teams from Bulgaria, Hungary, Poland and the Soviet Union leave Pyongyang after participating in an international basketball match for Socialist countries.

2 President Kim cables a congratulatory message to Finland President Urho K. Kekkonen on the occasion of his 80th birthday.

2 A. U. S. friendship mission arrives in Pyongyang for a 12-day visit.

2 Thomas Reston, former deputy spokesman of the U.S. State Department, arrives in Pyongyang for an eight-day visit.

2 A Zimbabwe government mission arrives in Pyongyang for an eight-day visit.

2 A Chinese goodwill observation team arrives in Pyongyang for a 22-day stay in north Korea.

3 Radio Pyongyang reports a Central People's Committee decree awarded the title of "meritorious bookkeeping workers" to four financial workers.

3 A Cuban Communist Party mission leaves Pyongyang winding up its ten-day visit to north Korea.

3 An International Jurists Committee mission led by its secretary leaves Pyongyang winding up an 11-day visit.

3 The Workers' Party Central Committee cables a congratulatory message to the Denmark Socialist Democratic Party on the occasion of the opening of its 33rd Party Congress.

3 Kim Yong-nam (김 영 남), chief of the Party International Affairs Department, meets with a Soviet Communist Party magazine mission.

4 KCBS reports north Korea attended the sixth meeting of the nonaligned countries' broadcasting cooperation committee which was held in the Sierra Leone capital of Freetown on August 29-30.

4 KCBS reports Premier Lee Jong-ok cabled a congratulatory message to the newly appointed first state minister of Zaire.

4 Radio Pyongyang reports a calisthenics team visiting Guinea-Bissau met with the country's president on August 27.

4 The north Korean Journalist League and its Soviet counterpart sign an agreement in Pyongyang.

4 A Soviet Communist Party magazine mission led by its assistant editor leaves Pyongyang winding up an 11-day visit.

5 KCBS reports a Central People's Committee decree warded the title of "meritorious educators" to ten educational workers on August 26.

5 KCBS reports the Namjon Mine workers and the 5.19 Technical Innovation Brigade workers completed the production of high-quality "curve conveyer" as a gift to the sixth Party Congress.

5 KCBS reports Premier Lee cabled condolence messages to the premiers of Bangladesh and India over the damage caused by a recent cyclone.

5 KCBS reports the Agricultural Workers' Union held its 16th plenary session in Pyongyang on August 31 and September 1.

5 The new Bangladesh ambassador to north Korea arrives in Pyongyang to take up his post.

5 The new Cambodian ambassador to north Korea arrives in Pyongyang.

5 A Romanian Communist Party organ mission led by its economic editor leaves Pyongyang winding up an 11-day visit to north Korea.

5 The (north) Korean Central News Agency (KCNA) and a Zimbabwe news agency sign an agreement on mutual cooperation in Pyongyang.

5 A Korean resident in Canada, Kim Gwang-hyon, leaves Pyongyang after visiting north Korea.

5 KCBS and a Zimbabwe broadcasting company sign an agreement on mutual cooperation in Pyongyang.

5 A Japanese broadcasting mission leaves Pyongyang.

5 President Kim completes a three-day on-the-spot guidance tour of South Hamgyong Province.

6 President Kim makes an on-the-spot guidance tour of construction sites in Pyongyang.

6 KCBS reports Ambassador Pong Choi-man (봉 최 만) to Thailand paid a farewell visit to the country's king on August 25.

6 A trade union mission returns from a 12-day visit to East Germany.

6 A Chinese Communist Party mission led by its secretary leaves Pyongyang.

6 A mission of the Chinese Foreign Ministry Publishing Bureau led by its chief leaves Pyongyang.

7 A mission of the Supreme People's Assembly leaves for East Germany to participate in the 67th general conference of the International Parliamentarians Union.

7 Kim Dal-guk (김 달 국), an ambassador at large, and his mission leave for Yugoslavia to participate in the 21st UNESCO General Conference there.

7 A Socialist Working Youth League mission leaves for Yugoslavia to participate in an international forum there.

7 A film mission leaves for Bulgaria to participate in the 14th International Filming Technical Association meeting.

7 The (north) Korea-East Germany goodwill shooting match ends after four days of competition in Pyongyang.

7 The 1980 test of Pyongyang city workers' physical strength begins with a ceremony held at the Central Workers' Hall in Pyongyang.

7 President Kim meets with the Mali athletic, art, and cultural minister and his mission.

7 President Kim meets with the visiting Zimbabwe government mission.

7 Kim Yong-nam, chief of the Party International Affairs Department, meets with Thomas Reston, former deputy spokesman of the U.S. State Department.

7 A commemorative meeting is held at Kumdae Cooperative Farm on the occasion of the 36th Bolivian revolution anniversary.

7 The second-phase project of Ponghwa petrochemical plant is completed and starts operation with Chinese equipment and technical support.

8 KCBS reports a government mission led by Deputy Premier Kim Gyong-ryon (김 경 련) met with the Nepal Premier on September 2.

8 A Central People's Committee decree awards the Kim Il-sung Order to the "Hamhung" branch of the Science Academy on the occasion of its 20th founding anniversary.

8 A Party mission led by Yang Hyong-sop, president of the Social Science Academy, met with the Sierra Leone President.

8 Radio Moscow reports a meeting was held in Moscow on September 5 to commemorate the 32nd founding anniversary of the north Korean regime.

8 The secretary general of the Latin American Journalists League arrives in Pyongyang with his wife.

8 A Nigerian military mission led by the country's army deputy chief of staff arrives in Pyongyang for a six-day visit.

8 A Hungarian trade union mission arrives in Pyongyang for a nine-day visit.

8 An East German artists mission arrives in Pyongyang for a 16-day visit.

8 A mission of the KCNA returns home after participating in the fifth meeting of the nonaligned news agency cooperative consultative committee.

8 A central reporting meet commemorating the 32nd founding anniversary of the Pyongyang regime is held at the People's Cultural Palace. Premier Lee Jong-ok addressed the rally and Deputy Chairman Lee Jin-gyu (리 진 규) of Chongnyon, the (pro-Pyongyang) General Association of Korean Residents in Japan, made a congratulatory speech.

8 President Kim receives credentials from the new Bangladesh and Cambodian ambassadors to Pyongyang.

8 President Kim and Premier Lee receive a congratulatory message from their Chinese counterparts on the occasion of the 32nd founding anniversary of the north Korean regime.

8 A movie-showing week is opened in Peking on the occasion of the 32nd founding anniversary of the Pyongyang regime.

9 President Kim cables a congratulatory message to the Bolivian Communist Party secretary general on the occasion of the country's 36th revolutionary anniverary.

9 KCBS reports the 320km railroads between Kowon and Pongsan were electrified, connecting the east with the west.

9 Radio Pyongyang reports north Korea and Mexico established diplomatic relations on September 4.

9 A government mission led by ...puty Premier Kim Gyong-ryon returns home from a visit to Malaysia, Pakistan and Nepal.

9 The new Malaysian ambassador to north Korea arrives in Pyongyang.

9 An Iranian newspaper assistant editor and his mission arrive in Pyongyang for an eight-day visit.

9 A civil aviation mission led by Kim Chang-guk leaves for Canada to participate in the 23rd general assembly of the International Civil Aviation Organization.

9 An ex-parliamentarian of India leaves Pyongyang winding up a 14-day visit to north Korea.

9 A KCBS mission led by its chairman, Kim Shi-hak (김 시 학), leaves for China.

9 A Chinese tennis team arrives in Pyongyang for a 16-day visit.

9 An East German shooting team leaves Pyongyang.

10 KCBS reports north Korea attended the second meeting of the nonaligned countries' broadcasting cooperation committee which was held in the Sierra Leone capital of Freetown on September 2-4.

10 Radio Pyongyang reports Ambassador Chon Myong-gyong (전 명 경) to Togo met with the country's president on August 30.

10 President Kim meets with the visiting Japanese Laborers League Council mission.

11 A Socialist countries foreign ministers' conference is held in Bucharest, in which north Korea is represented.

11 President Kim cables a congratulatory message to the Ethiopian premier on the occasion of the sixth anniversary of the country's revolution.

12 KCNA reports a mountain climbing and marching contest among students was held from September 3 through 8 in Changang Province with some 1,200 from across the country competing in the event.

12 Ambassador Kwon Hi-gyong (권 희 경) to the Soviet Union holds a press interview over the political situation in south Korea.

12 Kim Yong-nam meets with a visiting U.S. friendship mission.

13 KCBS reports President Kim sent 515 million yen in Japanese currency to Chongryon.

13 KCBS reports Premier Lee Jong-ok cabled a congratulatory message to the new Chinese Premier Zhao Ziyang on the occasion of his election to the office at the fifth National People's Congress.

13 President Kim receives credencials from the new Malaysian ambassador to north Korea.

13 A communications mission led by Communications Minister Kim Yong-chae (김 영 채) returns home from Czechoslovakia after participating in the 12th meeting of the socialist countries' communication ministers there.

14 President Kim meets with a visiting Japanese Liberal-Democratic Party's Afro-Asian study group.

14 Kim Yong-nam, chief of the Party International Affairs Department, is interviewed by Japanese journalists accompanying the Liberal-Democratic Party mission.

14 The 18th home-visiting team of Chongryon arrives in Wonsan.

14 A north Korean and the visiting Czechoslovakia women volleyball teams have a goodwill match in Nampo city.

15 KCBS reports the film-showing weeks were opened recently in such Socialist countries as Romania, Czechoslovakia, Bulgaria, and Mongolia on the occasion of the 32nd founding anniversary of the Pyongyang regime.

15 KCBS reports the Pyongyang student art troupe wound up its performance in Guinea recently and met with the country's President Ahmed Sekou Toure.

15 The Japanese Liberal-Democratic Party mission visiting Pyongyang makes an inspection tour of Chongsan Cooperative Farm, an electric locomotive engine company and the Central Historical Museum.

15 Premier Lee meets with a Burundi agricultural mission led by the country's agriculture and livestock minister.

15 The Committee for Foreign Cultural Relations and the (north) Korea-France Friendship Association host a welcome party for a French honorary parliamentarian visiting Pyongyang.

15 President Kim meets with a visiting French honorary parliamentarian who is the chairman of the French-(north) Korea Friendship Association.

15 President Kim cables a congratulatory message to Mexico President Jose Lopez Portillo on the occasion of the country's independence anniversary.

16 Deputy Premier Kye Ung-tae (계 응 태) meets with a Hungarian trade union mission.

16 A Chinese forestry mission led by the country's deputy forestry minister makes an inspection tour of Pyongyang city and some counties.

16 Deputy Premier Kong Jin-tae (공 진 태) meets with the visiting Chinese forestry mission.

16 A Burumdi forestry mission leaves Pyongyang.

16 A Gambian parliamentary mission arrives in Pyongyang for an eight-day visit.

16 A French honorary parliamentarian who is the chairman of the French-(north) Korean Friendship Association leaves Pyongyang.

16 The Japanese Liberal-Democratic Party mission leaves Pyongyang winding up its eight-day visit to north Korea.

16 Ambassador Kang Su-myong (강 수 명) to Mozambique meets with Lesotho Premier Leabua Jonathan.

16 Ambassador Lee Won-guk (리 원 국) to Zimbabwe meets with Premier Robert G. Mugabe.

16 A central forum on the grandeur of the north Korean Workers' Party is held at the People's Cultural Palace participated in by those from universities, Party cadre trainning institutes, social science study institutes, and cultural and art institutes.

16 A Czechoslovakian women's volleyball team leaves Pyongyang.

17 Radio Pyongyang reports a Party mission led by Yang Hyong-sop, chairman of the Social Science Academy, met with Senegal Premier Abdou Diouf on September 8.

17 Radio Pyongyang reports the Central People's Committee in a decree awarded the National Flag First Class to the two local daily newspapers on the occasion of their 35th founding anniversary on September 13.

17 The Committee for Foreign Cultural Relations hosts a banquet for the Japanese newspaper mission at the People's Cultural Palace in Pyongyang.

17 An architects league mission returns home from a visit to the Soviet Union.

17 A Chinese forestry mission leaves Pyongyang.

17 President Kim cables a congratulatory message to the Mauritius Premier Leewoosangur Ramgoolam on the occasion of his 80th birthday.

17 President Kim ends his one-day on-the-spot guidance trip to Pyongyang city agricultural fields.

17 Two Chongnyon commerce and industry officials were awarded the Kim Il-sung Order and the National Flag First Class, respectively.

18 President Kim meets with the visiting "International Juche Study Institute" director who is also the chairman of the Latin American and the Caribbean Sea regional committee supporting the north Korean unification policy.

18 A loyalty letter relaying race starts at eleven places in the country on the occasion of the 35th founding anniversary of the Party and of the sixth Party Congress. The letters will arrive in Pyongyang via towns and cities before or on October 10 when the sixth Party Congress begins.

19 KCBS reports Ambassador Sim Jae-du (심 재 두) to Guinea Bissau met with the country's President Luis de Almeida Cabral on September 9.

19 President France Albert Rene of Seychelles arrives in Pyongyang for his second official visit to north Korea since May in 1978. He left Pyongyang on September 23.

19 The new Egypt ambassador to Pyongyang arrives in Pyongyang.

19 A Japan Socialist Party mission arrives in Pyongyang.

20 KCBS reports the sixth Party Congress is to open on October 10.

20 Choe Hong-hee, chairman of the International Taegwondo League, and his Taegwondo display team in Canada arrive in Pyongyang on a visit to north Korea.

21 President Kim and France Albert Rene of Seychelles hold a talk in Pyongyang.

21 The Party Central Committee sends a letter of appreciation to the laborers, technicians, and desk-bound workers of Kim Jong-tae Electric Locomotive Company for their production of mordernized, large-scale electric locomotives and new model trains as gifts to the sixth Party Congress.

22 President Kim and the visiting Seychelles president hold their second round of talks in Pyongyang.

22 President Kim cables a congratulatory message to the Guinea Bissau president on the occasion of the country's seventh independence anniversary.

22 The (north) Korean Central Broadcasting Committee and the Seychelles Education and Public Information Ministry sign an agreement in Pyongyang on mutual cooperation in broadcasting.

22 North Korea and Seychelles sign an agreement on economic and technical cooperation and a cultural exchange plan for 1981-1982 in Pyongyang.

22 President Kim cables a congratulatory message to the Mali president on the occasion of the country's 20th independence anniversary.

22 The Taedong River TV Set Manufacturing Company starts operation after a dedication ceremony attended by Premier Lee Jong-ok and others.

23 KCBS reports the Wonsan shipyard workers constructed a 14,000-ton class fish processing ship, christened Yongnamsan-ho, and a launching ceremony was held on September 22.

23 Radio Pyongyang reports a Party mission led by Yang Hyong-sop, president of the Social Science Academy, met with the Cameroon president on September 16.

23 KCBS reports Ambassador Chon Gi-gap (전 기 갑) to Iceland met with the country's president on September 16.

23 KCBS reports north Korean tennis teams had goodwill matches with the visiting Chinese counterparts in Pyongyang and Nampo city from September 11 through 22.

23 A Central Broadcasting Committee mission led by its chairman, Kim Shi-hak, meets with Chinese Party Chairman Hua Guofeng in Peking.

23 A Tackwondo display team from Canada led by Choe Hong-hee plays an exhibition game at Pyongyang Gymnasium.

23 A Japan Socialist Party agricultural mission arrives in Pyongyang for an eight-day visit.

23 Commerce and industry officials of Chongnyon leave Pyongyang winding up a seven-day visit to north Korea.

23 The "International Juche Study Institute" director leaves Pyongyang.

23 A Yugoslavia journalist league mission arrives in Pyongyang for a five-day visit.

23 A Pakistani trade mission arrives in Pyongyang for an eight-day visit.

23 A film mission returns home from a visit to Czechoslovakia after hosting a film-showing-week ceremony there on the occasion of the 32nd founding anniversary of the north Korean government, September 9.

24 Radio Moscow reports a tourist mission of north Korea composed of high educational, light industry, farming and service workers arrived in Moscow.

24 Kim Yong-nam, chief of the Party International Affairs Department, meets with the visiting Japan Socialist Party mission.

24 A trade mission leaves for Bulgaria and Iraq.

24 President Kim holds a news conference with a Japanese Asahi Shimbun team visiting Pyongyang, in which he said the present south-north Korean talks will be scrapped.

25 The (north) Korean Central Broadcasting Committee and its Chinese counterpart sign a mutual cooperation agreement in Peking.

25 Railroads connecting Chagang, Unbong and Sambong are opened to traffic in a ceremony held at Unbong Station attended by Deputy Premier-Railway Minister Kang Song-san (강 성 산) and others.

25 Vice President Kang Ryang-uk (강 양 욱) meets with the new Cambodian ambassador to Pyongyang.

25 A Chinese movie-showing week opens in Pyongyang and other cities on the occasion of the 31st founding anniversary of the Chinese government.

25 The East German ambassador to Pyongyang holds a press interview in Pyongyang on the occasion of the 31st founding anniversary of his country.

25 A commemorative meeting is held at Mangyongdae Revolutionary Academy on the occasion of the Hungarian Armed Forces Day.

25 President Kim meets with the visiting Japan Socialist Party mission specializing in (north) Korean affairs.

25 President Kim cables a congratulatory message to the Egyptian president on the occasion of the country's 18th revolution anniversary, September 26.

25 President Kim receives credentials from the new Egyptian ambassador to Pyongyang.

26 Radio Pyongyang reports Taean Heavy Machinery Manufacturing Company started operation on September 25 after a dedication ceremony held at the site attended by Premier Lee Jong-ok and other dignitaries.

26 A Japan Socialist Party mission leaves Pyongyang winding up its eight-day visit to north Korea.

26 The Japanese Asahi Shimbun newspaper mission leaves Pyongyang winding up an eleven-day visit to north Korea.

26 A radio and TV mission led by Kim Shi-hak, chairman of the (north) Korean Central Broadcasting Committee, returns home from a 17-day visit to China.

27 An Indonesian parliamentary mission arrives in Pyongyang. Hwang Jang-yop, chairman of the Supreme People's Assembly Standing Committee, meets with the Indonesian parliamentary mission at his office. He later gives a banquet for the mission.

27 A Party mission led by Yang Hyong-sop, president of the Social Science Academy, returns home from its visit to Nigeria, Sierra Leone, Senegal and Cameroon.

28 Chongsan Reservoir in South Pyongan Province is completed and a dedication ceremony is held at the site.

28 Vice President Kim Il (김 일) meets with Choe Hong-hee, the visiting chairman of the International Taekwondo League, for the second time.

28 A (north) Korea-Soviet Friendship Association mission led by Kim Sang-jun returns home after taking part in Soviet ceremonies commemorating the 32nd founding anniversary of the north Korean government.

28 Kim Yong-nam, chief of the Party International Affairs Department, meets with the visiting Japan Socialist Party agricultural mission.

28 A commemorative meeting is held at Taekam cooperative farm on the occasion of the 31st founding anniversary of the Chinese government.

28 A 14,000-ton freighter, the Paekebong-ho, is launched at Chongjin Shipyard.

29 KCNA reports Guinea President Ahmed Sekou Toure met with Ambassador Kim Song-nam (김 성 남) to the country.

29 KCNA reports Ambassador Kim Chung-nam (김 충 남) to Sao Tome and Principe presented his credencials to the country's president on September 19.

29 The (north) Korean Sports Guidance Committee hosts a banquet for Choe Hong-hee, chairman of the International Taekwondo League, and his mission from Canada at the People's Cultural Palace in Pyongyang.

29 The Foreign Cultural Relations Committee and the (north) Korea-China Friendship Association jointly host a banquet on the occasion of the 31st founding anniversary of the Chinese government in Pyongyang.

29 North Korea and Pakistan sign an agreement on trade in Pyongyang.

29 A Lybian agricultural mission arrives in Pyongyang.

29 President Kim meets with Choe Hong-hee and his Taekwondo exhibition team.

29 Vice President Pak Song-chol (박 성 철) meets with the visiting Indonesian parliamentary mission.

29 President Kim cables a congratulatory message to the Nigerian president on the occasion of the country's 20th independence anniversary.

29 A Pyongyang city rally is held for the visiting Taekwondo mission from Canada headed by Choe Hong-hee at the People's Cultural Palace.

30 The Pyongyang Student Art troupe touring Togo meets with the country's president, Gnassingbe Eyadema.

30 The Chinese ambassador in Pyongyang hosts a banquet at his embassy on the occasion of the 31st founding anniversary of the Chinese government.

30 Choe Hong-hee, chairman of the International Taekwondo League, and his mission hold a press interview and leave Pyongyang winding up an 11-day visit to north Korea.

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